

**Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana**

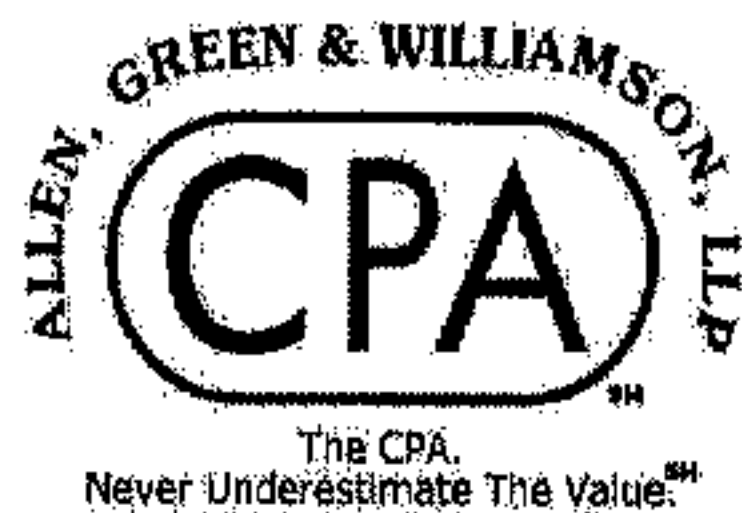
**Annual Financial Report
As of and for the Year Ended December 31, 2001**

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Annual Financial Report
As of and for the Year Ended December 31, 2001**

CONTENTS

| | <u>Statement</u> | <u>Page</u> |
|---|-------------------------|--------------------|
| INDEPENDENT AUDITORS' REPORT | | 1-2 |
| GENERAL-PURPOSE FINANCIAL STATEMENTS: | | |
| Combined Balance Sheet All Fund Types and Account Groups | A | 3 |
| Governmental Fund Type: | | |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Deficit - All Governmental Funds | B | 4 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Cash) Basis and Actual | C | 5-6 |
| Notes to the General-Purpose Financial Statements | | |
| Index | | 7 |
| Notes | | 8-15 |
| SUPPLEMENTAL INFORMATION | | 16 |
| Compensation Paid Board Members | | 17 |
| OTHER REPORT REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> | | 18 |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Governmental Auditing Standards</u> | | 19-20 |
| OTHER INFORMATION | | 21 |
| Schedule of Findings | | 22 |
| Summary Schedule of Prior Audit Findings | | 23 |
| Corrective Action Plan for Current-Year Finding | | 24 |
| Management Items | | |
| Management Letter | | 25 |
| Status of Prior Year Management Letter Items | | 26 |



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Independent Auditors' Report

Board Members
Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana

We have audited the accompanying general-purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana (the District) a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2001. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the District, as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the general-purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Also, the accompanying other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

April 18, 2002

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
December 31, 2001**

Statement A

| | **GOVERNMENTAL FUNDS** | | | **ACCOUNT** **GROUP** | |
|--|-------------------------------|----------------------------|---|-------------------------------------|--|
| | GENERAL | SPECIAL REVENUE | FIDUCIARY TRUST AND AGENCY | GENERAL FIXED ASSETS | TOTAL (MEMORANDUM ONLY) |
| ASSETS AND OTHER DEBITS | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 97,630 | \$ 845 | \$ 2,797 | \$ 0 | \$ 101,272 |
| Investments | 623,955 | 0 | 0 | 0 | 623,955 |
| Accounts receivable | 105,793 | 2,958 | 0 | 0 | 108,751 |
| Due from other funds | 0 | 1,502 | 2,298 | 0 | 3,800 |
| Inventory | 0 | 8,987 | 0 | 0 | 8,987 |
| Land, buildings and equipment | 0 | 0 | 0 | 1,031,174 | 1,031,174 |
| TOTAL ASSETS AND OTHER DEBITS | 827,378 | 14,292 | 5,095 | 1,031,174 | 1,877,939 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 6,145 | 2,807 | 0 | 0 | 8,952 |
| Payroll deductions payable | 4,954 | 0 | 0 | 0 | 4,954 |
| Due to other funds | 2,298 | 0 | 1,502 | 0 | 3,800 |
| Deposits due others | 0 | 0 | 3,593 | 0 | 3,593 |
| Total Liabilities | 13,397 | 2,807 | 5,095 | 0 | 21,299 |
| Fund Equity: | | | | | |
| Investment in general fixed assets | 0 | 0 | 0 | 1,031,174 | 1,031,174 |
| Fund Balances: | | | | | |
| Reserved for inventory | 0 | 8,987 | 0 | 0 | 8,987 |
| Unreserved and undesignated fund balance/deficit | 813,981 | 2,498 | 0 | 0 | 816,479 |
| Total Equity and Other Credits | 813,981 | 11,485 | 0 | 1,031,174 | 1,856,640 |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDITS | \$ 827,378 | \$ 14,292 | \$ 5,095 | \$ 1,031,174 | \$ 1,877,939 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**ALL GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Deficit
For the Year Ended December 31, 2001**

Statement B

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE FUNDS</u> | <u>TOTAL (MEMORANDUM ONLY)</u> |
|--|-------------------------|--------------------------------------|--|
| REVENUES | | | |
| Local sources: | | | |
| Fees, charges, and commissions for services | \$ 1,307,657 | \$ 117,450 | \$ 1,425,107 |
| Use of money and property | 18,842 | 0 | 18,842 |
| Other revenues | <u>31,388</u> | <u>1,141</u> | <u>32,529</u> |
| Total Revenues | <u>1,357,887</u> | <u>118,591</u> | <u>1,476,478</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Personal services and related benefits | 905,458 | 28,932 | 934,390 |
| Operating services | 405,899 | 70,385 | 476,284 |
| Material and supplies | 74,842 | 176 | 75,018 |
| Travel and other | 991 | 0 | 991 |
| Capital outlay | 10,588 | 345 | 10,933 |
| Intergovernmental | <u>182,503</u> | <u>0</u> | <u>182,503</u> |
| Total Expenditures | <u>1,580,281</u> | <u>99,838</u> | <u>1,680,119</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (222,394) | 18,753 | (203,641) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>1,036,375</u> | <u>(7,268)</u> | <u>1,029,107</u> |
| FUND BALANCES/DEFICIT AT END OF YEAR | <u>\$ 813,981</u> | <u>\$ 11,485</u> | <u>\$ 825,466</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Cash) Basis and Actual
For the Year Ended December 31, 2001**

Statement C

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|-----------------------|-----------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Fees, charges, and commissions for services | \$ 1,344,900 | \$ 1,345,630 | \$ 730 |
| Use of money and property | 11,000 | 12,526 | 1,526 |
| Other revenues | <u>32,047</u> | <u>27,060</u> | <u>(4,987)</u> |
| Total Revenues | <u>1,387,947</u> | <u>1,385,216</u> | <u>(2,731)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Personal services and related benefits | 922,770 | 899,313 | 23,457 |
| Operating services | 414,545 | 412,880 | 1,665 |
| Material and supplies | 73,976 | 74,842 | (866) |
| Travel and other | 1,450 | 6,661 | (5,211) |
| Capital outlay | 11,000 | 10,588 | 412 |
| Intergovernmental | <u>185,700</u> | <u>124,077</u> | <u>61,623</u> |
| Total Expenditures | <u>1,609,441</u> | <u>1,528,361</u> | <u>81,080</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | <u>(221,494)</u> | <u>(143,145)</u> | <u>78,349</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers out | <u>(21,510)</u> | <u>(52,756)</u> | <u>(31,246)</u> |
| Total Other Financing Sources (Uses) | <u>(21,510)</u> | <u>(52,756)</u> | <u>(31,246)</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(243,004)</u> | <u>(195,901)</u> | <u>47,103</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>918,409</u> | <u>918,498</u> | <u>89</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 675,405</u> | <u>\$ 722,597</u> | <u>\$ 47,192</u> |

(CONTINUED)

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Cash) Basis and Actual
For the Year Ended December 31, 2001**

Statement C

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------------|--------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Fees, charges, and commissions for services | \$ 106,500 | \$ 108,252 | \$ 1,752 |
| Other revenues | <u>0</u> | <u>741</u> | <u>741</u> |
| Total Revenues | <u>106,500</u> | <u>108,993</u> | <u>2,493</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Personal services and related benefits | 25,778 | 28,932 | (3,154) |
| Operating services | 79,222 | 79,222 | 0 |
| Materials and supplies | 0 | 176 | (176) |
| Capital outlay | <u>0</u> | <u>345</u> | <u>(345)</u> |
| Total Expenditures | <u>105,000</u> | <u>108,675</u> | <u>(3,675)</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 1,500 | 318 | (1,182) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>2,807</u> | <u>479</u> | <u>(2,328)</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 4,307</u> | <u>\$ 797</u> | <u>\$ (3,510)</u> |

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

INDEX

| | <u>Page</u> |
|--|-------------|
| NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 8 |
| A. REPORTING ENTITY | 8 |
| B. FUNDS AND ACCOUNT GROUPS | 8 |
| Governmental Funds | 9 |
| Fiduciary Fund | 9 |
| Account Groups | 9 |
| C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING | 9 |
| Revenues | 9 |
| Expenditures | 10 |
| D. BUDGETS | 10 |
| E. CASH AND CASH EQUIVALENTS | 10 |
| F. INVESTMENTS | 10 |
| G. INVENTORY | 11 |
| H. FIXED ASSETS | 11 |
| I. COMPENSATED ABSENCES | 11 |
| J. SHORT-TERM INTERFUND ASSETS/LIABILITIES | 12 |
| K. FUND EQUITY | 12 |
| L. USE OF ESTIMATES | 12 |
| M. MEMORANDUM ONLY - TOTAL COLUMNS | 12 |
| NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY | 12 |
| NOTE 3 - DEPOSITS AND INVESTMENTS | 12 |
| NOTE 4 - RECEIVABLES | 13 |
| NOTE 5 - FIXED ASSETS | 13 |
| NOTE 6 - RETIREMENT SYSTEMS | 13 |
| NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS | 14 |
| NOTE 8 - COMPENSATED ABSENCES | 14 |
| NOTE 9 - ACCOUNTS AND SALARIES PAYABLE | 14 |
| NOTE 10 - INTERFUND ASSETS/LIABILITIES | 15 |
| NOTE 11 - CHANGES IN DEPOSITS DUE OTHERS | 15 |
| NOTE 12 - BUDGETS TO ACTUAL RECONCILIATION | 15 |
| NOTE 13 - RISK MANAGEMENT | 15 |
| NOTE 14 - COMMITMENTS AND CONTINGENCIES | 15 |

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Prison District No. 1 of the Sixth Judicial District of Louisiana was created by the East Carroll Parish Police Jury, as authorized by Louisiana Revised Statute 15:801 et. seq., on February 12, 1930, by ordinance number 1296. The District is governed by a three-member board appointed by the East Carroll Parish Police Jury. Board members receive compensation as provided for by law. The District is responsible for maintaining and operating a prison facility within the limits of East Carroll Parish. The prison houses both state and parish prisoners.

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for the Prison District No. 1 of the Sixth Judicial District of Louisiana. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury created the District, and appoints the board of governors of the District, and has the ability to impose its will on the District, the District was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the East Carroll Parish financial reporting entity.

B. FUNDS AND ACCOUNT GROUPS The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the District are classified into the governmental category. In turn, this category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund – the general operating fund of the District. It accounts for all activities except those required to be accounted for in other funds.

Commissary special revenue fund – is used to account for the sales of concession and personal items to the inmates of the prison. Funds derived from this fund are used solely for the benefit of the inmates.

Fiduciary Fund

Inmate trust account agency fund – is used to account for monies held for the inmates during their term of incarceration. It is custodial in nature (i.e., assets equal liabilities) and does not involve measurement of operations.

Account Groups The *general fixed assets account group* is use to account for fixed assets not accounted for in proprietary or trust funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available.") "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues Revenues for prisoner care and other fees, charges, and commissions for services are recorded when the District is entitled to the funds.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, fees, charges, and commissions for services have been treated as susceptible to accrual.

Expenditures Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

D. BUDGETS A preliminary budget for the ensuing year is prepared by the District's secretary prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the cash basis of accounting. The budget is established and controlled by the board of governors at the object level of expenditure. Encumbrance accounting is not used by the District. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of governors.

Formal budgetary integration (within the accounting records) is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The District reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

The District participates in the Louisiana Asset Management Pool, Inc., (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An audit of LAMP is conducted annually by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U. S. Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule). The LAMP generally complies with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days.

The fair value of the position in the pool is the same as the value of the pool shares.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out (FIFO) method.

H. FIXED ASSETS General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 8% of general fixed assets are valued at actual historical cost while the remaining 92% are valued at estimated cost, based on the actual historical cost of like items. The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

I. COMPENSATED ABSENCES All full-time employees of the District earn vacation leave at rates varying from ten to 20 days per year, depending on length of service. Vacation leave is maintained on a fiscal year basis and cannot be accumulated. In addition, all employees receive sick leave as needed at the discretion of the District

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

board of governors. The cost of leave privileges is recognized as a current-year expenditure within the various funds when leave is actually taken.

J. SHORT-TERM INTERFUND ASSETS/LIABILITIES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due to other funds or due from other funds on the combined balance sheet.

K. FUND EQUITY Reserves represent those portions of fund equity that are not appropriable for expenditures or that are legally segregated for a specific purpose. Designated fund balances represent tentative management plans for future use of financial resources and are subject to change.

L. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. MEMORANDUM ONLY - TOTAL COLUMNS The total columns on the general-purpose financial statements are captioned as "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Individual Funds The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2001:

| <u>Fund</u> | <u>Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|----------------------|------------------|------------------|---------------------------------|
| Special Revenue Fund | | | |
| Inmate Commissary | <u>\$105,000</u> | <u>\$108,675</u> | <u>\$3,675</u> |

Actual expenditures exceeded appropriations as a result of unanticipated expenditures.

NOTE 3 - DEPOSITS AND INVESTMENTS These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the District's carrying amount of deposits was \$176,272 (which includes \$75,000 of time deposits reported as investments) and the bank balance was \$213,231. Of the bank balance, \$108,368 was covered by federal depository insurance. \$104,863 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name (GASB Category 3).

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's name.

At year end, the District investment balances were as follows:

| <u>Type of investment</u> | <u>Carrying Amount Fair Value</u> |
|--|---|
| Investments not subject to categorization: | |
| External investment pool (LAMP) | <u>\$548,955</u> |

NOTE 4 - RECEIVABLES The receivables at December 31, 2001, are as follows:

| <u>Class of Receivable</u> | <u>General</u> | <u>Special Revenue</u> | <u>Total</u> |
|----------------------------|------------------|----------------------------|------------------|
| Fees and charges | \$105,793 | \$ 0 | \$105,793 |
| Other | <u>0</u> | <u>2,958</u> | <u>2,958</u> |
| Total | <u>\$105,793</u> | <u>\$2,958</u> | <u>\$108,751</u> |

NOTE 5 - FIXED ASSETS The changes in general fixed assets are as follows:

| | <u>Balance Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Ending</u> |
|-------------------------|------------------------------|------------------|------------------|---------------------------|
| Land and improvements | \$ 120,990 | \$ 0 | \$ 0 | \$ 120,990 |
| Buildings | 589,496 | 0 | 0 | 589,496 |
| Furniture and equipment | <u>310,940</u> | <u>9,748</u> | <u>0</u> | <u>320,688</u> |
| Total | <u>\$1,021,426</u> | <u>\$9,748</u> | <u>\$ 0</u> | <u>\$1,031,174</u> |

NOTE 6 - RETIREMENT SYSTEMS Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3% of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual covered payroll. Contributions to the system also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active member of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 2001, 2000, and 1999 were \$54,621, \$54,695, and \$52,022, respectively, equal to the required contributions for each year.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the District. The District recognizes the cost of providing these benefits for the retirees as an expenditure when paid during the year. The District had expenditures of \$4,656 for three retirees.

NOTE 8 - COMPENSATED ABSENCES At December 31, 2001, the District had no employee leave benefits requiring recognition in accordance with GASB Codification Section C60.

NOTE 9 - ACCOUNTS AND SALARIES PAYABLE The payables at December 31, 2001, are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Total</u> |
|----------|-----------------|----------------------------|-----------------|
| Salaries | \$ 6,145 | \$ 0 | \$ 6,145 |
| Accounts | <u>4,954</u> | <u>2,807</u> | <u>7,761</u> |
| | <u>\$11,099</u> | <u>\$2,807</u> | <u>\$13,906</u> |

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2001**

NOTE 10 - INTERFUND ASSETS/LIABILITIES

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------------|---------------------------------|----------------|
| Special revenue - inmate commissary | Agency fund - inmate trust | \$1,502 |
| Agency fund - inmate trust | General fund (barracks account) | <u>2,298</u> |
| Total | | <u>\$3,800</u> |

NOTE 11 - CHANGES IN DEPOSITS DUE OTHERS A summary of changes in inmate trust account agency fund deposits due others is as follows:

| | |
|--------------------------------|-----------------|
| Balance, beginning of the year | \$ 11,360 |
| Additions | 100,449 |
| Deletions | <u>108,216</u> |
| Balance, end of the year | <u>\$ 3,593</u> |

NOTE 12 - BUDGETS TO ACTUAL RECONCILIATION Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The following reconciles the excess of revenues and other sources over expenditures and other uses as shown on budgetary comparison Statement C (cash) to the same amounts shown on Statement B (GAAP basis):

| | <u>General</u> | <u>Special Revenue</u> |
|---|--------------------|----------------------------|
| Excess (deficiency) of revenues and other sources over expenditures and other uses (cash) | \$(195,901) | \$ 318 |
| Adjustments: | | |
| Receivables | (27,329) | 9,598 |
| Payables | (6,145) | 5,269 |
| Miscellaneous adjustments | <u>6,981</u> | <u>3,568</u> |
| Excess of revenues and other sources over expenditures and other uses (GAAP) basis | <u>\$(222,394)</u> | <u>\$18,753</u> |

NOTE 13 - RISK MANAGEMENT The District is fully insured for workers' compensation. The District is also at risk for property damage liability and theft which are covered by insurance policies.

NOTE 14 - COMMITMENTS AND CONTINGENCIES At December 31, 2001, the District was involved in various litigations. It is the opinion of management and legal counsel for the District that potential claims against the District not covered by insurance would not materially affect the financial statements.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

SUPPLEMENTAL INFORMATION

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Compensation Paid Board Members
For the Year Ended December 31, 2001**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The board members serve without compensation. A \$50 per month per board member reimbursement is made to the general fund of the East Carroll Parish Police Jury.

Darrin Dixon, President

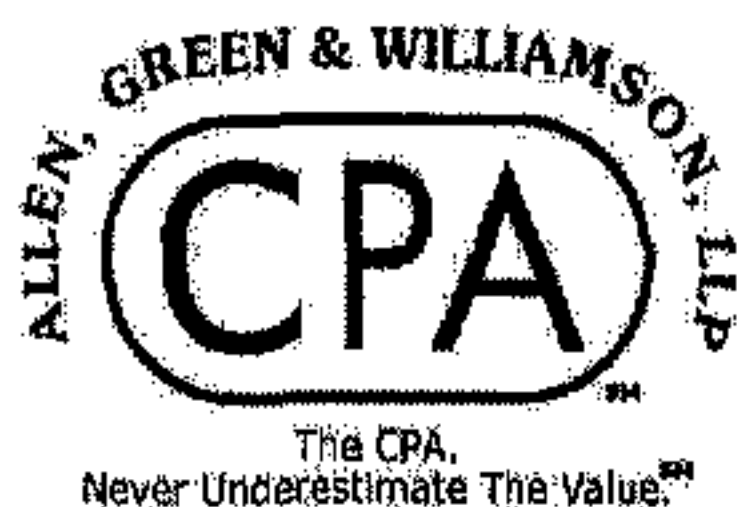
Joseph G. Jackson

Jim Bryant

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.



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Ernest L. Allen, CPA (Retired)
1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members
Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana

We have audited the general-purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2001, and have issued our report thereon dated April 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operation that we consider to be a reportable condition as described in finding 01-F1 in the accompanying Schedule of Findings and Questioned Costs. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Management Letter Items

We also noted another matter involving the internal control over financial reporting which we have reported to management in a separate letter dated April 18, 2002, included later in this report.

This report is intended solely for the information and use of the Board members, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

allen, green, + williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

April 18, 2002

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

Other Information

The information in the following section is management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the District. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors, and accordingly, no opinion is expressed.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana
Schedule of Findings
For the Year Ended December 31, 2001**

Reference # and title: **01-F1** **Internal Control Over Inventory**

Criteria or specific requirement: The District is required to provide an adequate system of internal controls over assets. This system of controls should include independent checks on performance and valuation.

Condition: There is a lack of controls over inventory for the District due to the absence of any independent checks of the valuation.

Proper perspective for judging the prevalence and consequences: The inventory valuation per the listing has greatly increased from the amounts reported in the prior year. Since there are no procedures in place to monitor this, correctness cannot be determined. Consequently, an estimate of inventory on hand at December 31, 2001, has been made based upon prior-year inventories and current-year transactions.

Possible asserted effect (cause and effect):

Cause: The District does not have established procedures to monitor inventory located at the Prison in the commissary.

Effect: The District is unable to ascertain whether the inventory valuation list at the end of the year is correct.

Recommendations to prevent future occurrences: The District should put procedures in place to ensure inventories are adequately monitored. Periodically, the District should perform comparisons of inventory, sales income and expenditures to ensure assets are adequately safeguarded.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Summary Schedule of Prior Audit Findings
December 31, 2001**

There were no findings for the year ended December 31, 2000.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Corrective Action Plan for Current-Year Findings
For the Year Ended December 31, 2001**

Reference # and title: **01-F1**

Internal Control Over Inventory

Condition: The District is required to provide an adequate system of internal controls over assets. This system of controls should include independent checks on performance and valuation. There is a lack of controls over inventory for the District due to the absence of any independent checks of the valuation.

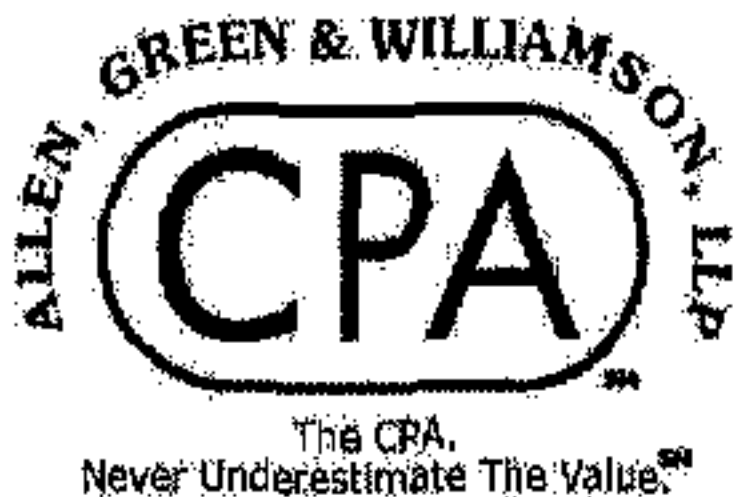
Corrective action planned: A member of the fiscal staff will conduct a monthly physical inventory and perform comparisons of inventory, sales income and expenditures to ensure assets are adequately safeguarded.

Anticipated completion date: Immediately.

Person responsible for corrective action:

Mr. Darrin L. Dixon, President
Prison District #1 of the Sixth Judicial
District of Louisiana
400 First Street
Lake Providence, LA 71254

Telephone: (318) 559-2256
Fax: (318) 559-1502



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Management Letter

Board Members
Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2001, we considered the District's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 18, 2002, on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

Reference # and title: 01-M1 Inmate Trust Agency Fund

Comment: The District should maintain an up-to-date listing of balances due to each inmate from the Inmate Trust Agency Fund at all times. This balance should be recorded in the general ledger and monitored closely along with balances due to/from between Inmate Trust Fund and other funds.

Recommendation: Inmate balances should be reviewed monthly to ensure balances agree to the general ledger. The District should make all transfers necessary to eliminate due tos/froms between funds before the end of each fiscal year. By doing this the District will ensure that account balances are kept current and correct.

Management's response: Inmate balances will be reviewed monthly and agreed to the liability account on the general ledger. Due to/from balances will be cleared regularly.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
April 18, 2002

**Prison District No. 1 of the Sixth
Judicial District of Louisiana
Status of Prior Year Management Letter Items
December 31, 2001**

00-M1 Vendor Disbursements

Condition: For adequate internal control, disbursements should have sufficient documentation and posting to the general ledger should be consistent. In the general fund, the following was found:

1. Two instances in which the invoice was not paid timely.

In the commissary special revenue fund, the following was found:

1. Two instances where canceled check could not be provided.
2. Two instances where the accounting/distribution is not consistent and correctly posted.

A sample of 60 checks were selected for testing out of a population of approximately 1,500 checks.

Corrective action taken: The District took steps to ensure disbursements had sufficient documentation, posting to the general ledger was consistent, and disbursements were paid timely.

00-M2 Unsecured Deposits

Condition: Louisiana Revised Statutes Title 39 - Public Finance - addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA-R.S. 39:1225, require that fiscal agents of a depositing authority, such as the District, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

At December 31, 2000, the District had \$449,877 on deposit with one depository. FDIC covered \$108,766 of deposits and the bank had pledged collateral with a market value of \$281,779 at December 31, 2000. The remaining \$59,332 was uncollateralized.

Corrective action taken: The bank balances were monitored and additional collateral was pledged to cover District deposits.